

CITY OF OAKLEY, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2011

CITY OF OAKLEY, KANSAS
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For the Year Ended December 31, 2011

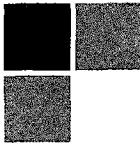
TABLE OF CONTENTS

Independent Auditors' Report.....	1
Statement 1 - Summary of Cash Receipts, Expenditures, and Unencumbered Cash.....	2
Statement 2 - Summary of Expenditures - Actual and Budget.....	4
Statement 3 - Statement of Cash Receipts and Expenditures - Actual and Budget Individually Presented by Fund	
Governmental Fund Categories	
General Fund	
3-1 General Fund.....	5
Special Revenue Funds	
3-2 Library Fund.....	8
3-3 Special Highway Fund	9
3-4 Special Parks and Recreation Fund	10
3-5 Convention and Tourism Fund	11
3-6 Equipment Reserve Fund	12
3-7 Capital Improvement Fund	13
3-8 Capital Improvement – Streets Fund	14
3-9 911 Fund.....	15
Debt Service Fund	
3-10 Bond and Interest Fund	16
Capital Project Funds	
3-11 CDBG Fund	17
3-12 Kansas Water PCRF Fund	18
Proprietary Fund Category	
Enterprise Funds	
3-13 Water Utility Fund	19
3-14 Water Reserve Fund.....	21
3-15 Electric Utility Fund	22
3-16 Electric Reserve Fund.....	23
3-17 Sanitation Utility Fund	24
3-18 Sanitation Reserve Fund	25
Fiduciary Fund Category	
Private Purpose Trust Funds	
3-19 Museum Fund.....	26
3-20 Museum Store Fund	27
3-21 Cemetery Trust Fund	28
3-22 Special Law Enforcement Fund	29
3-23 Prosecutor's Charitable Trust Fund	30

CITY OF OAKLEY, KANSAS
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2011

Component Unit

3-24 Library - General Fund	31
3-25 Library - Capital Improvement Fund	32
3-26 Library - Flexible Spending Plan Fund	33
3-27 Edna M. Hood Estate Bequest Fund	34
Statement 4 – Summary of Cash Receipts and Cash Disbursements	
Agency Funds	35
Notes to Financial Statements	36



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Oakley, Kansas
Oakley, Kansas

We have audited the accompanying financial statements of **City of Oakley, Kansas**, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of **City of Oakley, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Note 1, **City of Oakley, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of Oakley, Kansas**, as of December 31, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **City of Oakley, Kansas**, as of December 31, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 06, 2012

CITY OF OAKLEY, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Fund	\$ 437,918	-	2,266,222	2,077,395	626,745	38,237	664,982
Special Revenue Funds							
Library Fund	2,473	-	141,312	140,438	3,347	-	3,347
Special Highway Fund	40,023	-	53,023	82,623	10,423	150	10,573
Special Parks and Recreation Fund	18,486	-	11,211	12,620	17,077	-	17,077
Convention and Tourism Fund	47,501	-	65,945	71,102	42,344	779	43,123
Equipment Reserve Fund	48,068	-	165,000	107,985	105,083	3,650	108,733
Capital Improvement Fund	1,868,694	-	8,436	-	1,877,130	-	1,877,130
Capital Improvement - Streets Fund	-	-	243,377	156,168	87,209	4,527	91,736
911 Fund	-	-	4,531	-	4,531	-	4,531
Debt Service Fund							
Bond and Interest Fund	4,476	-	18,312	13,559	9,229	-	9,229
Capital Project Funds							
CDBG Fund	(452,683)	-	452,683	-	-	-	-
Kansas Water PCRF Fund	(1,252,995)	-	1,378,338	126,486	(1,143)	-	(1,143)
Proprietary Fund Category							
Enterprise Funds							
Water Utility Fund	85,455	-	406,008	394,384	97,079	12,581	109,660
Water Reserve Fund	76,783	-	25,000	-	101,783	-	101,783
Electric Utility Fund	131,624	-	241,426	177,929	195,121	1,409	196,530
Electric Reserve Fund	165,282	-	-	-	165,282	-	165,282
Sanitation Utility Fund	362,528	-	684,014	678,622	367,920	27,428	395,348
Sanitation Reserve Fund	119,555	-	90,000	1,500	208,055	-	208,055
Fiduciary Fund Category							
Private Purpose Trust Funds							
Museum Fund	110,958	-	4,804	4,928	110,834	-	110,834
Museum Store Fund	53,446	-	4,042	1,988	55,500	-	55,500
Cemetery Trust Fund	6,500	-	-	-	6,500	-	6,500
Special Law Enforcement Fund	758	-	-	758	-	-	-
Prosecutor's Charitable Trust Fund	-	-	763	-	763	-	763
Total Primary Government	\$ 1,874,850	-	6,264,446	4,048,485	4,090,812	88,761	4,179,573

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Component Unit Funds							
Library - General Fund	\$ 119,687	-	149,488	139,879	129,296	-	129,296
Library - Capital Improvement Fund	34,338	-	5,814	-	40,152	-	40,152
Library - Flexible Spending Plan Fund	1,459	-	2,965	2,541	1,883	-	1,883
Edna M. Hood Estate Bequest Fund	80,000	-	881	881	80,000	-	80,000
Total Component Unit Funds	<u>235,484</u>	<u>-</u>	<u>159,148</u>	<u>143,301</u>	<u>251,331</u>	<u>-</u>	<u>251,331</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,110,334</u>	<u>-</u>	<u>6,423,594</u>	<u>4,191,786</u>	<u>4,342,143</u>	<u>88,761</u>	<u>4,430,904</u>
Composition of Cash							
					Certificates of Deposits	\$	3,796,471
					Checking Accounts		383,079
					Cash on Hand		300
					Total Primary Government		4,179,850
					Total Component Unit Funds		251,331
					Agency Funds per Statement 4		(277)
					Total Reporting Entity (Excluding Agency Funds)	\$	<u>4,430,904</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2011

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories					
General Fund	\$ 2,032,434	44,961	2,077,395	2,077,395	-
Special Revenue Funds					
Library Fund	142,041	-	142,041	140,438	(1,603)
Special Highway Fund	94,250	-	94,250	82,623	(11,627)
Special Parks and Recreation Fund	21,437	-	21,437	12,620	(8,817)
Convention and Tourism Fund	88,485	-	88,485	71,102	(17,383)
Debt Service Fund					
Bond and Interest Fund	16,541	-	16,541	13,559	(2,983)
Proprietary Fund Category					
Enterprise Funds					
Water Utility Fund	423,017	-	423,017	394,384	(28,633)
Electric Utility Fund	201,500	-	201,500	177,929	(23,571)
Sanitation Utility Fund	722,050	-	722,050	678,622	(43,428)

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Under
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 737,142	748,947	756,258	(7,311)
Delinquent Tax	7,145	6,087	-	6,087
Vehicle Tax	127,121	134,923	132,511	2,412
Sales Tax	211,498	467,316	336,350	130,966
Excise Tax	140	183	-	183
Total Taxes	<u>1,083,046</u>	<u>1,357,456</u>	<u>1,225,119</u>	<u>132,337</u>
Intergovernmental				
Alcohol-Liquor Distribution	3,733	5,252	3,000	2,252
Federal Aid	-	26,593	-	26,593
FAA Grant	19,225	-	-	-
State Aid	2,700	-	-	-
Total Intergovernmental	<u>25,658</u>	<u>31,845</u>	<u>3,000</u>	<u>28,845</u>
Licenses and Permits				
Franchise Fees	140,105	160,895	90,000	70,895
Permits and Inspections	4,120	4,875	3,000	1,875
Dog Tags and Fees	1,175	1,090	700	390
Total Licenses and Permits	<u>145,400</u>	<u>166,860</u>	<u>93,700</u>	<u>73,160</u>
Charges for Services				
Sale of Cemetery Lots	3,773	3,566	2,200	1,366
Fines, Forfeitures, and Penalties				
Municipal Court	47,566	45,386	20,000	25,386
Use of Money and Property				
Swimming Pool	33,656	27,081	20,000	7,081
Interest on Investments	52,325	49,036	42,000	7,036
Jail Rent/Dispatch/Prisoner Care	78,199	73,269	65,000	8,269
Airport Revenue	5,837	5,622	3,500	2,122
Total Use of Money and Property	<u>170,017</u>	<u>155,008</u>	<u>130,500</u>	<u>24,508</u>
Transfers In	<u>385,424</u>	<u>423,000</u>	<u>423,000</u>	<u>-</u>
Miscellaneous				
Reimbursed Expense	33,099	19,493	5,000	14,493
Oil and Crop Revenue	13,382	2,570	3,500	(930)
Miscellaneous	4,826	9,906	-	9,906
Insurance - Reimbursed Expense	-	3,875	-	3,875
Insurance - Not Reimbursed Expense	-	22,408	-	22,408
Sale of Property	-	24,849	-	24,849
Total Miscellaneous	<u>51,307</u>	<u>83,101</u>	<u>8,500</u>	<u>74,601</u>
Total Cash Receipts	\$ <u>1,912,191</u>	<u>2,266,222</u>	<u>1,906,019</u>	<u>360,203</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General Government				
Personal Services	\$ 568,007	594,302	560,000	34,302
Contractual Services	54,520	56,589	85,450	(28,861)
Commodities	43,047	62,903	61,750	1,153
Capital Outlay	244	-	9,395	(9,395)
Other Appropriations	1,233	27,652	26,000	1,652
Neighborhood Revitalization Rebate	9,725	8,609	7,548	1,061
Transfers Out	-	301,813	245,000	56,813
Total General Government	<u>676,776</u>	<u>1,051,868</u>	<u>995,143</u>	<u>56,725</u>
Police Department				
Personal Services	514,160	527,884	511,644	16,240
Contractual Services	12,932	15,114	39,225	(24,111)
Commodities	36,602	49,253	37,100	12,153
Capital Outlay	-	-	5,000	(5,000)
Transfer Out	-	-	8,000	(8,000)
Total Police Department	<u>563,694</u>	<u>592,251</u>	<u>600,969</u>	<u>(8,718)</u>
Fire Department				
Personal Services	11,500	10,975	10,800	175
Contractual Services	8,299	8,186	10,935	(2,749)
Commodities	2,428	7,165	7,200	(35)
Capital Outlay	78	-	4,000	(4,000)
Total Fire Department	<u>22,305</u>	<u>26,326</u>	<u>32,935</u>	<u>(6,609)</u>
Street Department				
Personal Services	109,854	94,351	81,203	13,148
Contractual Services	1,413	1,051	15,107	(14,056)
Commodities	36,404	47,142	45,000	2,142
Capital Outlay	1,835	-	-	-
Transfer Out	-	-	6,000	(6,000)
Total Street Department	<u>149,506</u>	<u>142,544</u>	<u>147,310</u>	<u>(4,766)</u>
Parks and Cemetery				
Personal Services	159,122	154,908	141,397	13,511
Contractual Services	11,677	12,814	30,480	(17,666)
Commodities	26,068	35,669	43,900	(8,231)
Capital Outlay	188	420	4,000	(3,580)
Total Parks and Cemetery	<u>\$ 197,055</u>	<u>203,811</u>	<u>219,777</u>	<u>(15,966)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Airport Operations				
Contractual Services	\$ 7,250	9,989	9,300	689
Commodities	23,035	25,474	20,000	5,474
Capital Outlay	23,771	24,654	5,000	19,654
Total Airport Operations	<u>54,056</u>	<u>60,117</u>	<u>34,300</u>	<u>25,817</u>
 Civil Defense	 11,665	 478	 2,000	 (1,522)
 Nonoperating Expenses				
Transfers Out	8,000	-	-	-
(a) Adjustment for Qualifying				
Budget Credits	-	-	44,961	(44,961)
Total Nonoperating Expenses	<u>8,000</u>	<u>-</u>	<u>44,961</u>	<u>(44,961)</u>
 Total Expenditures	 1,683,057	 2,077,395	 2,077,395	 -
 Cash Receipts Over (Under) Expenditures	 229,134	 188,827		
 Unencumbered Cash - Beginning	 208,784	 437,918		
 Unencumbered Cash - Ending	 \$ <u>437,918</u>	 <u>626,745</u>		
 (a) Adjustment for Qualifying Budget Credits				
Reimbursed Expense Over Amount Budgeted			\$ 14,493	
Insurance - Reimbursed Expense			3,875	
Federal Aid Over Amount Budgeted			26,593	
Total			<u>\$ 44,961</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Library Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 115,536	118,913	120,068	(1,155)
Delinquent Tax	1,211	990	-	990
Vehicle Tax	21,146	21,379	20,770	609
Excise Tax	24	30	-	30
Total Cash Receipts	<u>137,917</u>	<u>141,312</u>	<u>140,838</u>	<u>474</u>
Expenditures				
Appropriations	137,043	139,071	140,843	(1,772)
Neighborhood Revitalization Rebate	1,525	1,367	1,198	169
Total Expenditures	<u>138,568</u>	<u>140,438</u>	<u>142,041</u>	<u>(1,603)</u>
Cash Receipts Over (Under) Expenditures	(651)	874		
Unencumbered Cash - Beginning	<u>3,124</u>	<u>2,473</u>		
Unencumbered Cash - Ending	\$ <u>2,473</u>	<u>3,347</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Special Highway Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
State Aid	\$ 49,115	50,345	52,770	(2,425)
Reimbursed Expense	1,343	2,678	-	2,678
Total Cash Receipts	50,458	53,023	52,770	253
Expenditures				
Contractual Services	2,315	3,387	5,000	(1,613)
Commodities	38,761	67,557	78,750	(11,193)
Capital Outlay	589	11,679	10,500	1,179
Total Expenditures	41,665	82,623	94,250	(11,627)
Cash Receipts Over (Under) Expenditures	8,793	(29,600)		
Unencumbered Cash - Beginning	31,230	40,023		
Unencumbered Cash - Ending	\$ 40,023	10,423		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Special Parks and Recreation Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Private Club and Liquor Tax	\$ 3,733	5,252	3,000	2,252
Reimbursed Expense	-	5,959	-	5,959
Total Cash Receipts	3,733	11,211	3,000	8,211
Expenditures				
Capital Outlay	403	12,620	21,437	(8,817)
Cash Receipts Over (Under) Expenditures	3,330	(1,409)		
Unencumbered Cash - Beginning	15,156	18,486		
Unencumbered Cash - Ending	\$ 18,486	17,077		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Convention and Tourism Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Transient Guest Tax	\$ 55,654	65,945	40,000	25,945
Reimbursed Expense	576	-	-	-
Total Cash Receipts	56,230	65,945	40,000	25,945
Expenditures				
Contractual Services	6,000	6,250	-	6,250
Commodities	32,714	56,852	50,000	6,852
Capital Outlay	3,500	-	38,485	(38,485)
Transfers Out	16,000	8,000	-	8,000
Total Expenditures	58,214	71,102	88,485	(17,383)
Cash Receipts Over (Under) Expenditures	(1,984)	(5,157)		
Unencumbered Cash - Beginning	49,485	47,501		
Unencumbered Cash - Ending	\$ 47,501	42,344		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Equipment Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 48,000	165,000
Expenditures		
Capital Outlay	46,400	107,985
Cash Receipts Over (Under) Expenditures	1,600	57,015
Unencumbered Cash - Beginning	46,468	48,068
Unencumbered Cash - Ending	\$ 48,068	105,083

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Capital Improvement Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ -	8,436
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	8,436
Unencumbered Cash - Beginning	1,868,694	1,868,694
Unencumbered Cash - Ending	\$ 1,868,694	1,877,130

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Capital Improvement - Streets Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ -	243,377
Expenditures		
Contractual Services	-	131
Capital Outlay	-	156,037
Total Expenditures	-	156,168
Cash Receipts Over (Under) Expenditures	-	87,209
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	87,209

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
911 Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Payments	\$ -	4,531
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	4,531
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	4,531

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes				
Ad Valorem Tax	\$ 7,050	10,027	10,119	(92)
Delinquent Tax	202	76	-	76
Motor Vehicle Tax	1,444	1,304	1,267	37
Excise Tax	2	2	-	2
Special Assessments	6,953	6,903	4,000	2,903
Total Cash Receipts	<u>15,651</u>	<u>18,312</u>	<u>15,386</u>	<u>2,925</u>
Expenditures				
Principal	10,000	10,000	10,000	-
Interest	3,793	3,443	3,440	3
Neighborhood Revitalization Rebate	93	116	101	15
Cash Basis Reserve	-	-	3,000	(3,000)
Total Expenditures	<u>13,886</u>	<u>13,559</u>	<u>16,541</u>	<u>(2,983)</u>
Cash Receipts Over (Under) Expenditures	1,765	4,753		
Unencumbered Cash - Beginning	<u>2,711</u>	<u>4,476</u>		
Unencumbered Cash - Ending	\$ <u>4,476</u>	<u>9,229</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
CDBG Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Aid	\$ 47,317	450,933
Expenditures		
Land Acquisition	46,737	-
Contractual Services	2,094	-
Construction	451,169	-
Total Expenditures	500,000	-
Cash Receipts Over (Under) Expenditures	(452,683)	450,933
Unencumbered Cash - Beginning	-	(452,683)
Prior Year Cancelled Encumbrances	-	1,750
Unencumbered Cash - Ending	\$ (452,683)	-

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Kansas Water PCRF Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Loan Proceeds	\$ 183,104	1,378,338
Expenditures		
Contractual Services	1,436,099	126,486
Cash Receipts Over (Under) Expenditures	(1,252,995)	1,251,852
Unencumbered Cash - Beginning	-	(1,252,995)
Unencumbered Cash - Ending	\$ (1,252,995)	(1,143)

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS

Water Utility Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Sales	\$ 365,210	383,575	360,000	23,575
Penalties	4,278	4,074	3,000	1,074
Service Connections	4,760	6,780	6,000	780
Water Taps	812	515	500	15
Use of Money and Property				
Domestic Well Permits	500	-	-	-
Water Tower Rent	-	20	3,500	(3,480)
Taxes				
Sales Tax	183	33	6,000	(5,967)
Miscellaneous				
Reimbursed Expense	22,386	4,395	5,000	(605)
State Water Protection Fee	4,821	4,999	5,000	(1)
Miscellaneous	187	17	1,500	(1,483)
Transfers In	3,200	1,600	-	1,600
Total Cash Receipts	406,337	406,008	390,500	15,508
Expenditures				
Water Production				
Contractual Services	28,085	56,931	82,017	(25,086)
Commodities	1,426	1,063	1,500	(437)
Capital Outlay	-	-	5,000	(5,000)
Total Water Production	29,511	57,994	88,517	(30,523)
Water Transmission and Distribution				
Contractual Services	1,648	1,615	1,650	(35)
Commodities	26,693	28,982	33,000	(4,018)
Capital Outlay	12,878	14,713	10,000	4,713
Total Water Trans. and Dist.	41,219	45,310	44,650	660
Water Commercial and General				
Contractual Services	61,208	52,233	40,750	11,483
Commodities	27,137	25,193	36,100	(10,907)
Capital Outlay	8,635	354	2,000	(1,646)
Total Water Comm. and Gen.	\$ 96,980	77,780	78,850	(1,070)

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS

Water Utility Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Expenditures (continued)				
Nonoperating Expenses				
Commodities	\$ -	4,749	-	4,749
Transfers Out	182,817	197,000	197,000	-
State Water Fee and Sales Tax	11,008	11,551	14,000	(2,449)
Total Nonoperating Expenses	193,825	213,300	211,000	2,300
 Total Expenditures	361,535	394,384	423,017	(28,633)
 Cash Receipts Over (Under) Expenditures	44,802	11,624		
 Unencumbered Cash - Beginning	40,653	85,455		
 Unencumbered Cash - Ending	\$ 85,455	97,079		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Water Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 25,000	25,000
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	25,000	25,000
Unencumbered Cash - Beginning	51,783	76,783
Unencumbered Cash - Ending	\$ 76,783	101,783

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Electric Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Sales	\$ 862	635	-	635
Use of Money and Property				
Interest on Investments	-	-	1,500	(1,500)
Miscellaneous				
Reimbursed Expense	140,484	36,802	130,000	(93,198)
Capital Credit Refunds	16,581	14,367	-	14,367
Insurance Proceeds	-	189,518	-	-
Miscellaneous	-	104	-	104
Total Cash Receipts	<u>157,927</u>	<u>241,426</u>	<u>131,500</u>	<u>(79,592)</u>
Expenditures				
Electric Production				
Contractual Services	94,800	67,839	90,900	(23,061)
Commodities	4,846	8,729	12,600	(3,871)
Capital Outlay	-	3,361	-	3,361
Total Electric Production	<u>99,646</u>	<u>79,929</u>	<u>103,500</u>	<u>(23,571)</u>
Nonoperating Expenses				
Transfers Out	<u>27,607</u>	<u>98,000</u>	<u>98,000</u>	<u>-</u>
Total Expenditures	<u>127,253</u>	<u>177,929</u>	<u>201,500</u>	<u>(23,571)</u>
Cash Receipts Over (Under) Expenditures	30,674	63,497		
Unencumbered Cash - Beginning	<u>100,950</u>	<u>131,624</u>		
Unencumbered Cash - Ending	\$ <u>131,624</u>	<u>195,121</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Electric Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	165,282	165,282
Unencumbered Cash - Ending	\$ 165,282	165,282

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Sanitation Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Charges for Services				
Refuse Collection	\$ 305,094	335,899	261,186	74,713
Sewer Charges	341,146	332,159	337,000	(4,841)
Penalties	7,103	6,909	5,000	1,909
Uses of Money and Property				
Interest on Investments	-	-	500	(500)
Miscellaneous				
Reimbursed Expense	1,287	2,475	13,000	(10,525)
Miscellaneous	1,009	172	-	172
Transfers In	12,800	6,400	-	6,400
Total Cash Receipts	<u>668,439</u>	<u>684,014</u>	<u>616,686</u>	<u>67,328</u>
Expenditures				
Refuse Collection				
Contractual Services	6,478	6,533	5,400	1,133
Commodities	88,815	85,852	80,000	5,852
Capital Outlay	55,242	97,197	40,000	57,197
Total Refuse Collection	<u>150,535</u>	<u>189,582</u>	<u>125,400</u>	<u>64,182</u>
Sewage Treatment				
Personal Services	59	185	-	185
Contractual Services	20,947	22,385	19,650	2,735
Commodities	25,735	87,388	34,000	53,388
Capital Outlay	5,049	21,082	10,000	11,082
Total Sewage Treatment	<u>51,790</u>	<u>131,040</u>	<u>63,650</u>	<u>67,390</u>
Nonoperating Expenses				
Transfers Out	280,000	358,000	533,000	(175,000)
Total Expenditures	<u>482,325</u>	<u>678,622</u>	<u>722,050</u>	<u>(43,428)</u>
Cash Receipts Over (Under) Expenditures	186,114	5,392		
Unencumbered Cash - Beginning	<u>176,414</u>	<u>362,528</u>		
Unencumbered Cash - Ending	<u>\$ 362,528</u>	<u>367,920</u>		

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Sanitation Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 40,000	90,000
Expenditures		
Administrative	-	1,000
Land Acquisition	9,380	500
Total Expenditures	9,380	1,500
Cash Receipts Over (Under) Expenditures	30,620	88,500
Unencumbered Cash - Beginning	88,935	119,555
Unencumbered Cash - Ending	\$ 119,555	208,055

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Museum Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 3,037	2,490
Interest on Investments	2,992	2,314
Reimbursed Expense	60	-
Total Cash Receipts	6,089	4,804
Expenditures		
Commodities	12,530	4,928
Cash Receipts Over (Under) Expenditures	(6,441)	(124)
Unencumbered Cash - Beginning	117,399	110,958
Unencumbered Cash - Ending	\$ 110,958	110,834

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Museum Store Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Sales and Commissions	\$ 4,452	3,742
Interest on Investments	378	300
Total Cash Receipts	4,830	4,042
Expenditures		
Supplies and Inventory	1,852	1,988
Cash Receipts Over (Under) Expenditures	2,978	2,054
Unencumbered Cash - Beginning	50,468	53,446
Unencumbered Cash - Ending	\$ 53,446	55,500

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Cemetery Trust Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	6,500	6,500
Unencumbered Cash - Ending	\$ 6,500	6,500

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Special Law Enforcement Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ -	-
Expenditures		
Commodities	490	758
Cash Receipts Over (Under) Expenditures	(490)	(758)
Unencumbered Cash - Beginning	1,248	758
Unencumbered Cash - Ending	\$ 758	-

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Prosecutor's Charitable Trust Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Fines and Fees	\$ -	763
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	763
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	763

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Library - General Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Appropriations from City		
Library Fund	\$ 133,539	143,454
Intergovernmental		
Grants	1,160	166
Uses of Money and Property		
Interest on Investments	888	1,108
Miscellaneous		
Fines and Fees	2,346	2,325
Contributions and Memorials	1,139	329
Book Sales	884	1,115
Miscellaneous	312	110
Transfers In	464	881
Total Cash Receipts	<u>140,732</u>	<u>149,488</u>
Expenditures		
Personal Services	112,280	114,226
Contractual Services	5,780	5,470
Commodities	13,061	13,869
Capital Outlay	1,060	761
Transfers Out	4,504	5,553
Total Expenditures	<u>136,685</u>	<u>139,879</u>
Cash Receipts Over (Under) Expenditures	4,047	9,609
Unencumbered Cash - Beginning	<u>115,640</u>	<u>119,687</u>
Unencumbered Cash - Ending	<u>\$ 119,687</u>	<u>129,296</u>

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Library - Capital Improvement Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Investments	\$ 70	261
Transfers In	4,504	5,553
Total Cash Receipts	4,574	5,814
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	4,574	5,814
Unencumbered Cash - Beginning	29,764	34,338
Unencumbered Cash - Ending	\$ 34,338	40,152

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Library - Flexible Spending Plan Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Collections	\$ 2,195	2,965
Expenditures		
Flexible Plan Premiums	3,211	2,541
Cash Receipts Over (Under) Expenditures	(1,016)	424
Unencumbered Cash - Beginning	2,475	1,459
Unencumbered Cash - Ending	\$ 1,459	1,883

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Edna M. Hood Estate Bequest Fund
Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest on Investments	\$ 464	881
Expenditures		
Transfers Out	464	881
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	80,000	80,000
Unencumbered Cash - Ending	\$ 80,000	80,000

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Flexible Spending Plan Fund	\$ 212	34,880	34,815	277

The notes to the financial statements are an integral part of this statement.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Oakley, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The City is a municipal corporation governed by an elected Mayor and five elected council members. These financial statements present the City (primary government) and its component unit. The component unit is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City. The governing body of this component unit is appointed by the City.

Oakley Public Library

The Oakley Public Library Board is organized under Kansas statutes for the purpose of operating a public library for the benefit of the City. The Board's members are appointed by the City Council. The City substantially funds the Board's operations by levying tax dollars for the Library. The Library's audited financial statements are included in the City's audit report. The Library does not issue a separate audit report. Contact the City Clerk for further information.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the City for the year ended December 31, 2011.

Governmental Fund Categories

General Fund – to account for all financial resources except those required to be reported in another fund.

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Service Fund – to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Funds – to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Fund Category

Enterprise Funds – to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Categories

Private Purpose Trust Funds – to account for assets held by the City as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

Agency Funds – to account for assets held by the City as trustee or agent for others.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper of the proposed budget notice of public hearing on the budget on or before August 5th.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Equipment Reserve Fund, Capital Improvement Fund, Capital Improvement – Streets Fund, and 911 Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no other policies that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not use "peak periods" during 2011. All deposits were legally secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$4,179,850 and the bank balance was \$4,249,404. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$455,377 was covered by federal depository insurance and \$3,794,027 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2011, The Public Library's carrying amount of deposits was \$251,331 and the bank balance was \$256,024. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2011.

Compensated Absences

Vacation

The City allows a maximum of 10 days paid vacation for full-time employees for each year for the first 10 years of employment with a maximum of 20 days accumulation. For each year after 10 years, an additional day of vacation is added up to 20 years. Employees may accumulate twice the yearly vacation allowance up to a maximum of 40 days. Upon termination, employees will be compensated for all earned but unused vacation. The City's maximum potential liability under the plan at December 31, 2011 was \$50,364.

Sick Leave

The City allows employees to accumulate a maximum of 12 days of sick leave per year based upon the anniversary of their employment. No employee may accrue more than 120 days of sick leave. An employee will not be paid for unused sick leave upon termination for reasons other than retirement or death, and will be paid only if the employee has been employed for ten years or longer. The maximum benefit paid for eligible employees is one-third of total accumulated leave. As of December 31, 2011 the cost of accumulated sick leave was \$154,369.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Library Vacation

The Library allows full-time employees 3 days paid vacation for the first year, 5 days paid vacation for the second year, 10 days paid vacation after year 2 of employment, 15 days of paid vacation after 10 years of employment and an additional day per year will be added to a maximum total of 20 days for every year after 10 years of employment. Employees are not allowed to accumulate and carry over any vacation from year to year.

Public Library Sick Leave

The Library allows full-time employees 12 days paid sick leave per year with accumulation up to 60 days, available only after it has been earned. No sick leave will be paid out upon the termination of an employee. As of December 31, 2011 the cost of accumulated sick leave was \$5,685.

Deferred Compensation Plan

The City sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (for employees hired on or after July 1, 2009) of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2011 was 7.74%. The City's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$59,036, \$55,874, and \$36,161, respectively, equal to the required contributions for each year as set forth by the legislature.

The Public Library's KPERS employer rate established for calendar year 2011 was 7.74%. The Public Library's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$5,625, \$5,223 and \$4,692, respectively, equal to the required contributions for each year as set forth by the legislature.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the City for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the City for special purposes.

Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – LANDFILL CLOSURE AND POST-CLOSURE COSTS

State and Federal laws and regulations require the **City of Oakley, Kansas** to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City has a potential liability for a portion of this closure and post-closure care costs in each period based on the landfill capacities used as of each year end. The estimated closure cost is \$845,859 and the estimated post-closure cost is \$950,580. These figures comprise the estimated closure and post-closure cost of \$1,796,439. At December 31, 2011, the permit for 2011 identifies that the remaining volume capacity of the sit is 94% of the original capacity and that the remaining life of the landfill is 14.8 years. The City is also required by regulations to provide financial assurance for the closure and post-closure costs. The allowable mechanisms for this financial assurance are as follows: 1) Trust fund, 2) Surety bond guaranteeing payment or performance, 3) Letter of credit, 4) Insurance certificate, and 5) A financial test for local governments. The City has elected to use the financial test to provide financial assurance.

The City did not meet the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, recordkeeping and reporting, and calculation of costs to be assured. The City did not meeting the Environmental Obligations/Total Annual Revenues and Long-Term Debt/Non-Routine Capital Expenditures tests.

The above figures have been estimated and the potential for change due to inflation or deflation, technology, or applicable laws or regulations, exists to affect the above calculations.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 3 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. The **City of Oakley, Kansas**' interfund transfers and statutory authority for the year ended December 31, 2011 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General – Government	Equipment Reserve	K.S.A. 12-1,117	\$ 50,000
General – Government	Cap. Imp. Reserve	K.S.A. 12-1,118	8,436
General – Government	Cap. Imp. Street Imp.	K.S.A. 12-1,118	243,377
Electric Utility	General – Government	K.S.A. 12-825d	43,000
Electric Utility	Equipment Reserve	K.S.A. 12-1,117	55,000
Water Utility	General – Government	K.S.A. 12-825d	\$ 172,000
Water Utility	Water Reserve	K.S.A. 12-825d	25,000
Sanitation Utility	Sanitation Reserve	K.S.A. 12-825d	90,000
Sanitation Utility	General – Government	K.S.A. 12-825d	208,000
Sanitation Utility	Equipment Reserve	K.S.A. 12-1,117	60,000
Convention & Tourism	Water Utility	Board Approved	1,600
Convention & Tourism	Sanitation Utility	Board Approved	6,400

Component Unit Interfund Transfers

Edna M. Hood Estate Bequest	Library-General	K.S.A. 79-2925	881
Library-General	Library-Capital Improvement	K.S.A. 12-1258	5,553

NOTE 4 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable To Date</u>
Wastewater Treatment Facility Improvements	\$ 1,958,604	\$ 1,958,604

NOTE 5 – LITIGATION

City of Oakley, Kansas is party to various legal proceedings which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the City.

NOTE 6 – RISK MANAGEMENT

City of Oakley, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, crime, umbrella, auto and fidelity bond coverage. The City does not carry comprehensive collision insurance on all motor vehicles. The City has elected not to provide for a reserve on this risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 8 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **City of Oakley, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 9 – LONG-TERM DEBT

City of Oakley, Kansas has the following types of long-term debt.

General Obligation Bonds

The City issued General Obligation Bonds to provide funds to construct a main sewer line, to install a water line and to construct a main sewer extension.

KDHE Revolving Loan

The City entered into a grant agreement with the Kansas Department of Commerce to fund a portion of the wastewater treatment facility improvements with Community Development Block Grant funds not to exceed \$500,000. As part of the grant agreement, the City must provide \$2,409,070 in other sources of funds to this Community Development Program. The City entered into a loan agreement with the Kansas Department of Health and Environment to fund a portion of the wastewater treatment facility improvements in an amount not to exceed \$2,724,752. The City has increased the sewer rates in order to provide loan repayment.

Lease Obligations

The City has entered into lease agreements with an option to purchase at the expiration of the lease term. The leases contain a fiscal funding clause.

Changes in long-term debt for the City at December 31, 2011 and current maturities of long-term debt and interest for the next five years and in five year increments through maturity are included on the next two pages.

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 9 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the City for the year ended December 31, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bond Series 2003	4.42%	02/20/03	\$ 121,000	12/01/18	\$ 80,000	-	(10,000)		70,000	3,443
KDHE Loans										
Kansas Water Pollution Control Revolving Loan	2.58%	4/15/10	2,724,752	03/01/31	183,740	1,378,338	(51,272)		1,510,806	9,108
Capital Leases										
2008 Komatsu Wheel Loader	3.95%	09/24/08	135,713	09/24/13	84,589	-	(27,101)		57,488	3,076
2012 Freightliner	3.29%	09/12/11	92,472	09/12/15	-	92,472	(19,711)		72,761	-
2012 Freightliner	3.49%	10/26/11	137,315	10/26/15	-	137,315	(29,379)		107,936	-
Total Contractual Indebtedness					<u>348,329</u>	<u>1,608,125</u>	<u>(137,463)</u>		<u>1,818,991</u>	<u>15,627</u>
Compensated Absences					193,352			11,381	204,733	
Landfill Closure and Post Closure Care					<u>1,682,718</u>			<u>113,721</u>	<u>1,796,439</u>	
Total Long-Term Debt					<u>\$ 2,224,399</u>	<u>1,608,125</u>	<u>(137,463)</u>	<u>125,102</u>	<u>3,820,163</u>	<u>15,627</u>

CITY OF OAKLEY, KANSAS
Notes to Financial Statements
December 31, 2011

NOTE 9 - LONG-TERM DEBT (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR								
	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	Total
Principal									
General Obligation Bond - Series 2003	\$ 10,000	10,000	10,000	10,000	10,000	20,000	-	-	70,000
Kansas Water Pollution Revolving Loan	71,035	72,879	74,771	76,713	78,705	425,260	483,415	228,028	1,510,806
Capital Leases	71,110	73,698	45,906	47,471	-	-	-	-	238,185
Total Principal	152,145	156,577	130,677	134,184	88,705	445,260	483,415	228,028	1,818,991
Interest									
General Obligation Bond - Series 2003	3,440	3,065	2,665	2,250	1,820	2,780	-	-	16,020
Kansas Water Pollution Revolving Loan	45,242	42,654	41,581	39,639	37,647	156,500	98,345	33,756	495,364
Capital Leases	8,156	5,568	3,184	1,619	-	-	-	-	18,527
Total Interest	56,838	51,287	47,430	43,508	39,467	159,280	98,345	33,756	529,911
Total Principal and Interest	\$ 208,983	207,864	178,107	177,692	128,172	604,540	581,760	261,784	2,348,902